

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: October 28, 2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

T= Name
U= State
V= State
W= State

x dollars = Amount
y = Number
z = Number

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code Section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code Section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code Section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called T.

The purpose of T is to further your educational purposes by providing grants to assist graduating high school seniors to obtain a four-year college-level education in their chosen field of study. Grant funds must be used to defray the cost of attendance at a four-year college or university.

Initial grant amounts will be x dollars and intended to be non-recurring; in the future, you may increase or vary the grant amounts, based on need, or make the grants multi-year scholarships (i.e., lasting for the four years of each recipient's undergraduate education). In addition, the number of grants will be made based on your Trustees' determination of the importance of individual grants compared with other charitable grants in your grantmaking budget for the year. In certain years, it is contemplated that no grants to individuals may be made and consequently, there is no set minimum number of grants for a particular year and no maximum, subject to the availability of funds.

To be eligible for consideration for a grant under T, applicants must:

1. Have (or reasonably expect to receive within this academic year) a high school diploma (or equivalent) from a public or private high school located in the states of U or V;
2. Have been accepted (or reasonably expect to be accepted in the immediate future) as an undergraduate student at an accredited institution of higher education (as defined in Section 170(b)(1)(A)(ii) of the Internal Revenue Code) located in the states of U, V or W;
3. Be in good academic standing, defined as having at least a 3.00 GPA as well as and a score of y on their College Board SAT test;
4. Have a commitment to community service;
5. Demonstrate good character, as evidenced in a one-page personal essay;
6. Not be a spouse, ancestor, descendant, or spouse of a descendant of any contributor to or Trustee or officer of yours.

Applicants must also complete your scholarship application with all required documents by a specific due date and agree, that they will forfeit the grant or scholarship if any part of the application is untrue, inaccurate, or incomplete or grant funds are not used for their stated purposes.

To select recipients of T, you intend to establish a Scholarship Selection Committee, composed of between and individuals committed to your mission, including your current trustee who may also appoint additional members of the Scholarship Selection Committee and fill vacancies. Furthermore, your trustee will also ensure that members of the Scholarship Selection Committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others.

Furthermore, the Scholarship Selection Committee will review evaluate the information in the application form, including the applicant's academic record, demonstrated commitment to the community, application essay, and letters of recommendation, if any. Recipients will then be selected based on demonstrated or potential for academic

excellence and dedication to the community and on an objective and non-discriminatory basis, without regard to race, religion, gender, citizenship status, age, national origin, disability, veteran status, sexual orientation or any other status protected by state or federal law.

You will contact the educational institution identified by the recipient as their future college or university to verify their enrollment. You will then pay the grants directly to the college or university in which the recipient is (or expects to be) enrolled, for the recipient's benefit, upon confirmation from the educational institution that it will use the grant funds to defray the recipient's educational expenses.

Further, recipients must agree to provide, upon request, a final report on completion of their first year of college (and, if relevant, each year thereafter). The recipient must also authorize you to verify information they have submitted on how the grant funds were used. When possible or deemed appropriate, reports will be obtained from the educational institution. If, upon request, no report is filed, or if reports indicate that the funds are not being used in furtherance of the scholarship purpose, you will investigate. While conducting the investigation, you will take reasonable steps to recover funds until you have determined that the funds are being used for their intended purpose.

Furthermore, you may permit grant recipients from a previous year to apply for an additional non-recurring grant, after the successful completion of each year of college. You will review each applicant's application each year, in light of the other applications received that year to determine the recipients.

If you decide to make the grants recurring or multiyear, you will (i) request a final report on completion of each recipient's first year of college (and for each relevant year thereafter); (ii) require that each recipient remain enrolled in a four-year college or university-level educational institution; and (iii) require that each recipient be in good academic standing, defined as having a minimum of z out of a 4.0 grade point average.), you will require each applicant to submit an abbreviated form of the application and will review each applicant's prior academic performance and financial need on an annual basis before paying the grant.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information to evaluate grantees, (2) identify a grantee is a disqualified

person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code Section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code Section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code Section 117(a).
- The grant is to be used for study at an educational organization described in Code Section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements